

Home Builder Confidence Slips in September New Home Buyers May Benefit!

National Home builder confidence slipped last month for the eighth consecutive month to a level of just 30. The builder confidence index is published by the National Association of Home Builders and Wells Fargo. “30 is the lowest level this index has seen since early 1991,” according to Bob Wilfinger of Homestead Funding in Allentown. The index groups the country into 4 regions. The region that experienced the largest decline in builder confidence was the Northeast, which includes the Pennsylvania, New Jersey and New York markets. The confidence level in this region fell 6 points to just 28.

“Two big factors are coloring builders’ perceptions of the market right now – rising sales cancellations and substantial growth in inventories of both new and existing homes,” said NAHB Chief Economist David Seiders. “These factors are largely the result of an increasing number of potential buyers adopting a ‘wait-and-see’ attitude because of uncertainty about where the housing market is headed, and record-high energy costs also appear to be weighing on housing demand.”

Despite the doom and gloom of many new home builders, many economists are predicting a soft landing. “Our forecast projects the numbers flattening out around the middle of next year and gradually moving back up toward trend in 2008” Seiders explained. “A correction in the market was inevitable”, said Loren Keim with Century 21 Keim in Allentown “but the National Association of Home Builders is optimistic about the long term.”

“What this ‘lull’ in the new home market means is that buyers can take advantage of some builder rebates and incentives and some discounts that they haven’t seen in many years”, says Tim Mahon, managing broker of Century 21 Keim Realtors in Bethlehem PA. “We expected the market to slow down and level off, but with rates still at historic lows, and with these rebates and incentives, buyers are finding some great opportunities to purchase below some of last year’s prices!”

Keim also points out “Home sales a year ago were at historic record levels. Even with a slight decline in new construction sales, the market for new homes is still quite good. We’re predicting that we’ll continue to see a slow slide in those sales into early 2007, but we expect the sales to stabilize at that point.”

Seiders pointed out, in a recent speech, that the economy continues to be in “fundamentally good shape”, with low mortgage rates, strong job growth and a steadily increasing population. Seiders says there “certainly are reason[s] for optimism among those in the market to buy new homes,”